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Quality Water
Quality Service

Member, AWWA
AWPCA
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EVWF

May 17, 2012

Dee Fuerst
Resources Planning and Analysis Department
Central Arizona Project
P.O. Box 43020
Phoenix, Arizona 85080-3020

Re: Comments Concerning the Draft Planning for Recovery Report

Dear Ms. Fuesrt,

Thank you for your excellent presentation to the East Valley Water Forum ("EVWF") about the important water recovery planning being undertaken by the Central Arizona Water Conservation District ("CAWCD"). Diversified Water Utilities, Inc. is a member of EVWF and situated in a Pinal County recharge area.

I appreciate the opportunity to share with the CAWCD our brief comments regarding the recovery planning. Your excellent report addresses at Chapter 9 operational issues regarding water quality and subsidence concerns. My request is that the planning additionally undertake efforts to avoid an imbalance in the recovery process upon water utilities operating in the recovery areas. Simply put, Diversified's concerns are that the planning incorporate a requirement that any recovery be balanced within the recovery area well system so as to not deplete a specific geographic recharge location. The recovery planning should identify water production wells for water providers within the recovery locations and assure that the recovery does not inequitable impact a small location within the operations of any one water provider in water recharge areas. The production wells of water utilities utilizing groundwater set their pumps at levels based on a static water level and aggressive inconsistent recovery could damage wells and adversely impact water service to communities in the recharge locations. Of course, this impact is not limited to Pinal County and could occur in any recovery location.

Additionally, for the same reasons above, recover efforts should work with water utilities operating in recovery areas to minimize the problems and concerns that depleting the aquifer or changing the static groundwater level can cause.

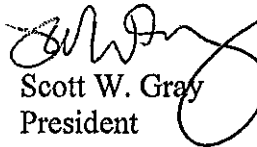
Diversified Water Utilities, Inc.

May 17, 2012

Page 2

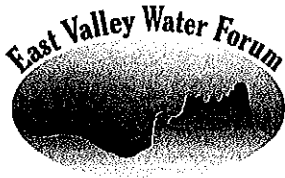
Please include these concerns in you planning efforts and report. If you have any questions regarding my comments or this letter, do not hesitate to contact me. Thank you for your hard work on this important matter.

Very truly yours,



Scott W. Gray
President

cc: David Modeer, Central Arizona Project
Sandy Fabritz-Whitney, Arizona Department of Water Resources
Randy Chandler, Bureau of Reclamation
Virginia O'Connell, Arizona Water Banking Authority



East Valley Water Forum
Mesa, Arizona

May 16, 2012

Central Arizona Project
Attn: Dee Fuerst
Resources Planning and Analysis Department
P.O. Box 43020
Phoenix, AZ 85080

Re: Central Arizona Water Conservation District – Planning for Recovery Report,
February 2012

Dear Dee:

The East Valley Water Forum (EVWF) would like to thank the Central Arizona Water Conservation District (CAWCD) and Central Arizona Project (CAP) for taking the first steps in beginning the process for recovery planning. Recovery planning is an important element in managing our precious water resources, and the East Valley Water Forum looks forward to the open discussions as part of the next steps in the recovery planning process.

In addition, we would like to thank you for not only compiling the plethora of detailed information related to recovery, but also for taking the time to present this information to our members at the April 10th, 2012 EVWF meeting. Recovery planning was cited as a vital element in the EVWF's 2007 Management Plan with one of the plan recommendations dedicated specifically to recovery planning:

"Forum members should work with the Central Arizona Project, the Arizona Water Banking Authority, the Arizona Department of Water Resources, and other agencies to encourage the development of a regional recovery plan as expeditiously as possible."

According to the presentation at our EVWF meeting, the "Planning for Recovery" document is meant to be a compilation or "compendium" of information related to recovery planning, not a recovery plan itself. The stated intent was to pull together and sort out the necessary information for recovery planning as a first step, and it was recognized that there are many steps that now need to take place. While the document may have been intended to be a "database" of information, there are instances in the document which appear to make recommendations or provide policy direction. Those may be better suited for the next phase of the planning.

In addition, questions from our members reinforced the importance of an open discussion, or stakeholder process, so that planning can be transparent and inclusive. To that end, the EVWF is submitting these comments to ensure that we have the opportunity to be included in this process.

Before addressing specific provisions of the document, we want to highlight several overarching concerns.

Lead Agency Collaboration: There are four agencies involved in shortage, firming, and recovery. How these agencies interact, their current authorities, and new required legal and/or intergovernmental provisions are complicated and will require significant coordination to outline and define these protocols. The most significant legal relationship that needs definition is between the Arizona Water Banking Authority (AWBA) and the CAWCD. The IGA currently being used by AWBA contemplates the parties as AWBA, CAWCD, and the Arizona Department of Water Resources (ADWR), but has mention of provisions within the IGA that involve the U.S. Bureau of Reclamation (USBR). Should the USBR be a participant of the IGA, especially as it pertains to whether or not the U.S. Secretary of the Interior allows AWBA water to be wheeled within the CAP Canal? Before any details of a shortage, firming and recovery plan can be pursued, the interrelationships between the four agencies need to be established.

Stakeholder Process: Recovery planning is complex and involves many interrelated actions between the USBR, CAWCD, ADWR, AWBA, and water providers. A stakeholder process is imperative due to the dynamics amongst the varied water providers. A one size fits all will most likely not work in this situation.

Timing of Recovery Planning: As noted in the EVWF Management Plan, recovery planning needs to take place as expeditiously as possible. A comprehensive recovery plan should be developed years before a shortage occurs; before Nevada starts to recover, and before on-River users recover. Also, it is important that Arizona and Nevada recovery plans are compatible. Water providers need certainty and time to integrate the recovery plan into their water planning (such as building additional infrastructure or completing agreements) to ensure their customers will have water during shortages).

The following are comments and questions regarding specific portions of the document. We recognize that many of them address policy issues that may be beyond the scope of this document. However, we believe that these are issues that will require considerable discussion at the recovery process moves forward. Therefore, we are including them in our comments as placeholders to facilitate further discussion and consideration.

POLICY CONCERNS

- a. The AWBA needs to officially establish the percentage of water to be firmed for CAP M & I water users.
- b. Identify the legal authorities of who is responsible for actions that are needed to complete a recovery plan.
- c. How will Indian firming occur or what process will be established, and will it be consistent with M & I firming or will Indian firming have priority above M & I firming?
- d. Agreement from the stakeholders, especially ADWR, AWBA and CAWCD, on the Colorado River shortage modeling.
- e. Policies considered by the AWBA may need to be reviewed by the Governor's Regulatory Review Council due to the complexity of the issues, statutes, and regulations to ensure they are consistently and fairly applied.

PROCESS CONCERNS

- a. Identify potential recovery volumes and general areas from which water will be recovered.
- b. Identify which water providers are delivered wet water from the CAP canal and which providers will utilize recovery of AWBA long-term storage credits.
- c. If the AWBA limits the amount of firming to 20% based on Arizona Administrative Code R12-15-722(G)(1), this assumes that every entity can pump the difference between the actual shortage and the 20% firmed with their own well capacity. What if an entity(s) cannot recover due to Assured Water Supply drought exemption groundwater pumping or recovery well pumping related to shortages of other surface water supplies due to drought (ex. Salt and Verde River shortages)?
- d. What will be the optimum system for recovery that creates the best economy of scale? During some shortages some entities may decide they may want only a transfer of long-term storage credits while others may need delivery of wet water or both, and this may vary depending on the extent and duration of the shortage. How will the AWBA plan for distribution of long-term storage credits, allow for versatility, and remain fair and consistent with all firming requirements?
- e. How do the AWBA and CAWCD plan on wheeling recovered AWBA water through the CAP canal? What contracts are needed and between which parties, and what is the process for these contracts?
- f. How does project power factor into the AWBA firming obligation? Can project power be used and what types of contracts are needed to address this activity and how long will these contracts take to create?
- g. The AWBA has mentioned considering each M & I water provider's water conservation activities in examining its firming obligations. Does this mean that AWBA is contemplating providing a higher firming obligation to those M & I subcontractors with lower GPCD – or communities with high proportion of residential uses, versus lower firming obligations to M & I subcontractors with higher GPCD – or communities with a higher proportion of commercial and industrial users? If so, how will this be rated fairly and consistently especially since it is recognized through

May 16, 2012

AWWA that GPCD is not a metric that allows for a fair comparison of water providers.

- h. Annual M & I water orders may vary. What authority does the AWBA intend to use regarding firming a percent of water based on the previous year's M & I order versus the current year's order versus the subcontract amount?

The East Valley Water Forum would like to thank you and your organization for beginning the process of recovery planning. We appreciate the opportunity to comment on this document and look forward to participating in an open, inclusive stakeholder discussion as part of that process.

Should you have questions or need additional information related to our comments or our organization, please do not hesitate to contact me.

Sincerely,



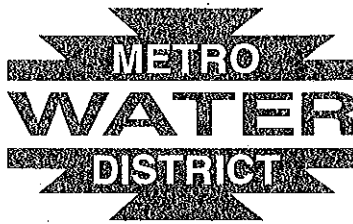
Teresa Makinen

Director, East Valley Water Forum

P: (480) 890-1927

F: (480) 964-7555

cc: CAWCD - David Modeer
ADWR - Sandy Fabritz-Whitney
USBR - Randy Chandler
✓ AWBA - Virginia O'Connell



May 14, 2012

Ms. Dee Fuerst
Senior Water Analyst
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, Arizona 85080-3020

Re: Additional Comments on Draft Planning for Recovery Document

Dear Ms. Fuerst:

The Metropolitan Domestic Water Improvement District (District) provided comments on the above draft at the public meeting of March 29, 2012. The District has additional comments. As a Municipal & Industrial (M&I) CAP water subcontractor, the District strongly supports recovery planning of M&I firmed water and interstate water stored by the Arizona Water Banking Authority. The District believes other M&I CAP water subcontractors share this same desire and would welcome an open and collaborative process between the M&I CAP water subcontractors, recharge facility operators, the Arizona Department of Water Resources, the Arizona Water Banking Authority and the Central Arizona Water Conservation District instead of separate independent meetings. A joint and open process with CAP water subcontractors, agencies, and recharge facility operators would help identify and deliberate all the policy issues more effectively given that multiple agencies, CAP subcontractors, and recharge facility owners are each affected by recovery planning.

Given the multiple parties and need for integration to achieve intrastate and interstate mandated recovery obligations, the District recommends that the draft Planning for Recovery document be developed into a multi-agency and stakeholder Recovery Plan document instead of as one particular agency's document.

Policy issues are the first area the District believes this collaborative approach is urgently needed. The District has not found separate meetings with the Arizona Water Banking Authority and the Central Arizona Water Conservation District as efficient and productive. Additionally, the District has not seen a discussion of policy issues that are most concern to M&I CAP subcontractors. For example, many of the principles (1, 4, 5, 6, 7, 9, and 10) in Chapter 4 of the draft report assumes credit distribution is managed by CAWCD, but there is no draft policy nor a legal opinion from ADWR on credit distribution. Policies on credit distribution for stored water and future stored water must be first addressed by the AWBA, ADWR and M&I subcontractors for any productive recovery planning to occur by agencies and stakeholders. Not having a credit distribution policy causes uncertainty whether M&I firmed water credits will be uniformly proportion to each M&I CAP subcontractor based on the total M&I CAP allocation in the Active Management Area or disproportionally distributed to M&I subcontractors. A policy is needed that meets the legal test and be equitable. The District had envisioned as policy that M&I firmed

water in each AMA would be uniformly divided proportional to the M&I CAP subcontract volume and total M&I CAP subcontracts in the AMA. Additionally, stakeholder discussion with the Arizona Water Banking Authority and the Arizona Department of Water Resources is needed if M&I firmed stored credits should be geographically assigned (hydrological basis) to a M&I CAP water subcontractor at specific recharge projects or the credits uniformly divided from all recharge projects to M&I CAP water subcontractors without regard to wet water recovery.

A credit distribution policy will help M&I CAP water subcontractors know how much M&I CAP firmed water will be available, for how long, and where. Additionally, such a policy would help provide water providers reliability and direction with their own recovery planning efforts as well as CAWCD's recovery planning and AWBA future storage planning.

A Recovery Plan is needed that includes the policies and procedures for recovery of each of the three types of stored water by AMA (CAP M&I firmed water, Interstate water, and On-river firmed water). The draft principles in the Planning for Recovery document do not provide sufficient detail to determine if the principles apply to each or all of these stored water supplies and if there are any legal constraints.

The District supports the concept of the four cent water storage property tax for inter-AMA storage, but not the concept of repositioning credits. The District believes the inter-AMA firming concept needs further investigation with ADWR, AWBA and Maricopa and Pima County M&I subcontractors. Credit repositioning is not feasible for the District to participate, since the District has wet water goals for its CAP allocation at the Avra Valley Recharge Project and contractual obligations with its Groundwater Savings partners.

The report should include in the AMA profile sections a discussion of stakeholder preferences for recovery of M&I CAP firmed water and interstate stored water. CAWCD recommends that Tucson AMA CAP M&I subcontractors use the Credit Exchange Recovery Method, but the report does not acknowledge if the recommendation is supported or not by the M&I subcontractors. The District supports indirect recovery, but not credit exchange in the TAMA.

Sincerely,



Mark R. Stratton, P.E.
General Manager

MRS/mwb

c: Virginia O'Connell, AWBA
Tom Buschatzke, ADWR
Kathleen Ferris, AMWUA
Chris Ward, SAWUA
Michael Block, MDWID